Committee Reports

103d Congress, 2nd Session

Senate Rept. 103-408

103 S. Rpt. 408

CORRUPTION IN PROFESSIONAL BOXING

**SPONSOR:** Mr. Glenn, from the Committee on Governmental Affairs submitted the following

REPORT together with ADDITIONAL VIEWS

**TEXT:**

Introduction and Overview

Thirty years ago, the last Senate inquiry into professional boxing found the existing state regulatory system lacking and concluded that if the industry was not cleaned up it should be abolished. After an extensive investigation, we conclude that professional boxings problems remain serious, that the industry has proved incapable of effective self-regulation, and that the current state-based regulatory structure is in need of major overhaul.

This investigation was conducted by the Minority Staff of the Permanent Subcommittee on Investigations at the direction of Ranking Minority Member, Senator William V. Roth, Jr., with the concurrence of the Subcommittees Chairman, Senator Sam Nunn. It was authorized pursuant to Senate Resolution 62, adopted February 28, 1991, and Senate Resolution 71, adopted February 25, 1993, which empower the Subcommittee to investigate "all other aspects of crime and lawlessness within the United States which have an impact upon or affect the national health, welfare, and safety; including but not limited to investment fraud schemes, commodity and security fraud, computer fraud, and the use of offshore banking and corporate facilities to carry out criminal objectives."

Kefauver, Senator Estes, Congressional Record, v. 109, March 29, 1963, p. S4786.

Boxings current regulatory structure consists of inconsistent and ineffective rules and regulations that often go unenforced to the detriment of the health and safety of boxers and the integrity of the sport. Moreover, boxing regulators have been unable to rid boxing of organized crime influence. Boxings problems continue to jeopardize the physical and financial well-being of boxers and undermine the credibility of the sport with the public, thereby endangering its continued existence. Indeed, one state boxing commissioner, a former referee, testified before the Subcommittee that if boxing is not better regulated there will be no need to abolish it because, "(i)t would simply die a natural death." We believe boxing can be saved, but it will require major changes in the current regulatory system.

U.S. Senate Committee on Governmental Affairs, Permanent Subcommittee on Investigations, Hearings on Corruption in Professional Boxing, 102d Congress, 2d Session, August 11 and 12, 1992. Testimony of Larry Hazzard, Sr., Commissioner, New Jersey Athletic Control Commission, p. 56.

Scope of Investigation

The Minority Staff of the Permanent Subcommittee on Investigations began an investigation of professional boxing with an inquiry into the controversial February 8, 1992 middleweight title fight between David Tiberi and James Toney, in which Toney was ruled to have prevailed in a split decision. That initial inquiry culminated with a minority staff study inserted by Senator William V. Roth, Jr., Ranking Minority Member, into the Congressional Record on April 28, 1992.

The minority staff study concluded that Dave Tiberi had been a victim of a system where the regulated are allowed to rule the regulators. That report determined that, while the state of New Jersey has an apparently adequate boxing regulatory structure on paper, New Jerseys regulations were not enforced in the Toney-Tiberi match. In fact, the interests of private sanctioning bodies and promoters prevailed.

The minority staff inquiry into the Toney-Tiberi match led to an expanded investigation of professional boxing by the Subcommittee. This investigation revealed instances of significant and systemic problems affecting professional boxing, including the financial exploitation of boxers; conflicts of interest; inadequate, ineffective and non-uniform enforcement of health and safety regulations; implicit and explicit corruption; and organized crime influence.

The investigation included all major aspects of the boxing industry. Geographically, the investigation concentrated on New Jersey and Nevada the two states with the majority of title bouts, the traditional boxing center of New York, California, the state with the most boxing matches, and several other states reputed to have particularly ineffective boxing regulation. During the course of the Subcommittees investigation, Subcommittee staff conducted numerous interviews and depositions of members of the boxing industry.

On August 11 and 12, 1992, the Subcommittee held two days of public hearings on corruption in professional boxing. Those testifying included professional boxers, state boxing commissioners, a panel of boxing experts, a major promoter, sanctioning body representatives, and other witnesses knowledgeable about organized crime involvement and corruption in professional boxing.

On March 10, 1993, the Subcommittee heard additional public testimony regarding the medical and business aspects of professional boxing. In addition, the Subcommittee heard testimony from representatives of HBO Sports and ESPN, the cable TV sports network, two entities that play an important role in the business of boxing.

On April 1, 1993, the Subcommittee explored current organized crime involvement in professional boxing. The Subcommittee heard public testimony from former Gambino crime family underboss Salvatore Gravano, as well as boxers and other individuals in the boxing industry with alleged organized crime connections.

The Subcommittee staff also conducted interviews and reviewed documents pertaining to the controversial World Boxing Council welterweight title fight between Pernell Whitaker and Julio Cesar Chavez held on September 10, 1993, in San Antonio, Texas.

Previous Congressional Boxing Investigations

The Senate last looked into professional boxing over 30 years ago when Senator Estes Kefauver conducted an extensive investigation of the boxing industry. Senator Kefauver concluded that his investigation, "showed beyond any doubt that professional boxing has had too many connections with the underworld. Nothing has taken place to indicate that professional boxing ever will, on its own initiative, free itself from control by racketeers and other undesirables . . . if strong measures are not taken to clean up boxing then it should be abolished."

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The strong measures referred to by Senator Kefauver included legislation that he introduced in 1961 and 1963 to provide a Federal role in the regulation of boxing. These bills, S. 1474 (87th Congress) and S. 1182 (88th Congress) would have established within the Department of Justice a United States Boxing Commission to set minimum standards for the regulation of boxing.

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U.S. Congress, Senate Committee on the Judiciary, Subcommittee on Antitrust and Monopoly, Hearings on Professional Boxing, 86th Congress, 2d Session, June 14 and 15, and December 5, 6, 7, 8, 9, 12, 13 and 14, 1960, and 87th Congress, 1st Session, May 31, June 1 and 2, 1961.

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Congressional Record, v. 109, March 25, 1963, p. S4786.

Senator Clair Engle, a co-sponsor of Senator Kefauvers legislation, based his reasons for supporting federal intervention in professional boxing largely on the inadequacy of state control. Senator Engle stated, "The States cannot handle this sport properly. I do not want to leave the impression that the States and their boxing commissions have not tried to clean up boxing. They have made valiant attempts to do so. But their efforts have usually terminated in a dead end." Engle went on to state that the problem "is that they are stymied by the interstate aspects of the business. Subpoena powers of local commissioners stop at State borders. A boxer not permitted to fight in one city can pull up stakes and go into another city in another state . . . ."

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Congressional Record, v. 109, March 28, 1963, p. S5031.

Senator Kefauvers legislation did not come to a vote due to his untimely death. However, as a result of the Kefauver hearings, Congress did enact P.L. 88-316 in 1964, which made bribery in a sporting contest a federal crime.

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78 Stat. 203-204.

In 1977, the House Subcommittee on Communications conducted hearings on televisions sports broadcasting practices. These hearings looked into alleged corrupt practices involving the joint Don King Productions, Inc. and American Broadcasting Companys production of the "U.S. Boxing Championship." U.S. Congress, House Committee on Interstate and Foreign Commerce, Subcommittee on Communications, Hearings on Network Sports Practices, 95th Congress, 1st Session, October 3, and November 2 and 3, 1977.

The House has also held the following hearings on professional boxing reform, including health and safety issues:

U.S. Congress, House Committee on Education and Labor, Subcommittee on Labor Standards, Hearings on the Creation of a Federal Boxing Control Board, 96th Congress, 1st Session, March 28, 29, and April 3, 1979;

U.S. Congress, House Committee on Energy and Commerce, Subcommittee on Commerce, Transportation, and Tourism, Hearings on Boxing Reform, 98th Congress, 1st Session, February 15, and March 18, 1983;

U.S. Congress, House Committee on Education and Labor, Subcommittee on Labor Standards, Hearings on H.R. 1951, 98th Congress, 1st Session, May 5, 1983; and

U.S. Congress. House Committee on Education and Labor. Subcommittee on Labor Standards, Hearings on H.R. 1689, the American Boxing Corporation Act, May 30, 1985, 99th Congress, 1st Session, May 30, 1985.

Regulatory Structure of Boxing

History of Boxing Regulation

During the 19th century, boxing in the United States was not regulated by any governmental entity. Nevertheless, after 1880, the written Marquess of Queensberry rules, which had been adopted in England in 1860, were usually followed in boxing contests in the United States. These rules limited the length of rounds to three minutes (while allowing an unlimited number of rounds), established a one-minute rest period between rounds, required a 10-second waiting period following a knockdown, prohibited wrestling, and introduced the compulsory wearing of boxing gloves. It should be noted, however, that gloves were intended to protect the boxers hands, and not his opponents head, from injury.

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Arlott, John, ed., The Oxford Companion to World Sports and Games, Oxford University Press, London, 1975, p. 112.

Observance of the Queensberry rules did not, however, prevent injuries to boxers or unsavory activities that often accompanied boxing. For these reasons, during the late 1890s several states banned the sport. Despite these bans, the sport continued illicitly in those states.

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Spears, Betty and Swanson, Richard A., History of Sport and Physical Activity in the United States, W.M.C. Brown and Company, Dubuque, Iowa, 2d edition, 1983, p. 154.

In 1920, New York State became the first governmental entity to regulate boxing in the United States. Over time, 42 states and the District of Columbia legalized professional boxing and established state regulatory commissions, many modeled after the New York commission.

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Welch, Paula D., and Harold A. Lerch, History of American Physical Education and Sport. Charles C. Thomas, Chicago, 1981, p. 48.

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U.S. Senate Committee on Governmental Affairs, Permanent Subcommittee on Investigations, Hearings on Corruption in Professional Boxing, 103rd Congress, 1st Session, March 10 and April 1, 1993. Administration of Boxing: History and Regulatory Issues, by Gary L. Galemore, Library of Congress, Congressional Research Service, Government Division, September 18, 1985. Exhibit 45, p. 6.

Boxings Current Regulatory Structure

The regulatory structure that Senator Kefauver found inadequate in the 1960s remains in place today. In more than 40 states, boxing is regulated on the state level. In several states including North Carolina and Kansas, municipal governments regulate boxing. There is no governmental regulation of boxing in Colorado, South Dakota and Wyoming, although boxing is not illegal in those states.

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Ibid, p. 39.

Boxing commissions are typically given the authority, via state enabling statutes, to regulate all aspects of professional boxing including scoring, the mandatory licensing of persons and entities associated with the sport, and contractual relationships among licensees. Also, boxing commissions are ostensibly responsible for selecting referees and judges for matches held within the jurisdiction. However, promoters and private sanctioning bodies are often able to influence the selection of judges and referees because each jurisdiction is effectively competing with other jurisdictions for a limited number of championship fights. Since the promoter often enjoys a buyers market for boxing venues if regulators in one state refuse to meet the promoters demands, the promoter can threaten to take the boxing match, with its often substantial revenues, to another state. Similarly, sanctioning bodies are often able to impose their wills on the state commissions.

New York State Athletic Commission chairman, Randy Gordon, described the situation with regard to the sanctioning bodies in his Subcommittee testimony as follows: "(T)he sanctioning bodies would, in most cases, appoint the referee and the three judges themselves over the objections of the state athletic commissions, under whose jurisdiction the bout was held . . . . It is a game of poker. They want to see how many officials they can get by, and if they can get by with all four, the referee and the judges, they will do it."

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Gordon went on to testify that in preparing for a World Boxing Association (WBA) (one of 3 major sanctioning bodies) lightweight championship match, the WBA told Gordon that if he did not go along with their selection of judges, there would be no fight. Gordon testified that in such situations he was "more or less handcuffed" and likened the situation to being "a homeowner whose house is being robbed at gunpoint by a roving band of thugs."

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PSI Hearings on Corruption In Professional Boxing, Part I. Testimony of Randy Gordon, Chairman, New York State Athletic Commission, pp. 52, 59.

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Ibid, p. 63.

Some states, such as Nevada and New Jersey, have more leverage with sanctioning bodies because the legal gambling casinos in those states are often willing to pay large fees, known as "site fees," to promoters for high profile boxing contests, thus making these states more attractive to promoters as boxing venues. Yet, even Nevada and New Jersey frequently accommodate the demands of promoters and sanctioning bodies.

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See section titled "Control of Rules and Officials," infra.

Other states, such as Ohio, which does not offer high site fee venues, are even more subject to the pressure of promoters and sanctioning bodies. Ohio has between 10 and 20 professional boxing events each year. Most are not televised and involve less well known boxers fighting for substantially less purse money than the major televised fights. This kind of boxing match, often called "club boxing," is much more representative of the majority of U.S. boxing matches than the celebrity-studded world title events held at casino hotels in Las Vegas or Atlantic City. William Finissi, a former member of the Ohio Boxing Commission, testified that the Ohio Commission (the membership of which has since changed) was sometimes willing to overlook even criminal behavior, such as forged documents, in order to ensure that boxing took place in Ohio.

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PSI Hearings on Corruption In Professional Boxing, Part I. Testimony of William J. Finissi, Former Member, Ohio Boxing Commission, pp. 50, 58.

While boxers themselves are generally required to have some type of medical exam, and promoters may be required to show adequate financial resources, licensing of other boxing participants such as managers, matchmakers and cornermen, is generally automatic in most states subject to the payment of the required licensing fee. Citing lack of staff and resources, state boxing regulators generally do not inquire into either the experience or backgrounds of applicants for boxing licenses. This general failure to inquire into the backgrounds of boxing licensure applicants is especially worrisome due to the long history of organized crimes influence in the sport.

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See testimony of Larry Hazzard, Sr., PSI Hearings on Corruption in Professional Boxing, Part I, p. 77; and testimony of Marc Ratner, Chief Inspector, Nevada Athletic Commission, during deposition of Dr. Elias Ghanem, Chairman, Nevada Athletic Commission, dated February 5, 1993, Exhibit 11, p. 24.

Inadequate or Unenforced Health and Safety Regulations

Perhaps the most important area in which the current system of state regulation of professional boxing has proven ineffective is protection of the health and safety of boxers. Boxers enjoy few, if any, of the protections and benefits accorded other professional athletes. Boxers have no unions which negotiate safety issues; very limited, if any, health insurance coverage; and a paucity of pension plans. The patchwork system of state regulation of professional boxing results in wide variations from state to state both in health and safety rules themselves and in the enforcement of those rules. As a result, it is the boxers who suffer.

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California is one of the few states that has established a pension plan for boxers. In a staff interview, Richard DeCuir, the executive officer of the California State Athletic Commission, advised that the pension fund has not yet paid out any benefits and is not expected to do so until the year 2008. Under the plans current structure, a boxer who has contributed to the pension plan is eligible to receive payments when he turns 65. However, as a result of dissatisfaction arising from administrative problems, California is considering modifying the pension plan.

Boxers health and safety are endangered through gross mismatches between boxers of unequal ability, failure to enforce health and safety related suspensions from one jurisdiction to another, absence of uniform drug testing standards, and gaps in enforcement of health and safety standards under the current fragmented regulatory system.

Mismatches

One example of a significant threat to a boxers health and safety is the problem of gross mismatches; that is, the sanctioning of boxing contests between opponents of such disparate ability that the outcome is not only preordained, the safety of the lesser "opponent" is endangered. Such mismatches are sometimes sought to pad a boxers record, i.e., to increase his number of wins by having him fight inferior opponents, thus making him appear, by his record, to be a superior boxer and a more attractive draw, particularly for television.

Boxing records are replete with examples of obvious mismatches, and as boxer Dave Tiberi pointed out in his testimony, mismatches can jeopardize a boxers health and safety. In addition, several witnesses at the Subcommittees hearings cited particularly egregious cases. New York Athletic Commission chairman Gordon testified as follows:

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Testimony of Dave Tiberi, PSI Hearings on Corruption in Professional Boxing, Part 1, page 21.

In 1979, there was a WBC bantamweight championship fight in Los Angeles, California, featuring the sensational Carlos Zarate, of Mexico City. He was also a favorite of the WBC hierarchy, and he took on the No. 1 challenger, a man from Africa. Nobody knew anything about him. Nobody could watch him train. They had closed-door workouts.

When the fight started, Zarate started to go after his opponent and then saw this unorthodox style that he had never seen before, and he figured he was being suckered in, that the guy was trying to make him think that he could not fight, to land some big bomb. So the champion kept away in rounds one and two and just studied his opponent. But by the third round, he realized this man cannot fight. He moved in and he knocked his opponent out.

It turned out that this supposed No. 1 challenger had never had a fight before. How did the sanctioning body get him to No. 1? That is a question I cannot answer. I can only ask it.

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Testimony of Randy Gordon, PSI Hearings on Corruption in Professional Boxing, Part I, p. 53.

Former Ohio Boxing Commissioner Finissi, testified about an Ohio Boxing Commission approved match between Alex Zolkin and one James Holley on December 12, 1991. At the time, Zolkin was undefeated while Holley had been knocked out in his last 24 fights, with 20 of those knockouts occurring in either the first or second round. Not surprisingly, the fight ended in a knockout of Holley in the second round.

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PSI Hearings on Corruption in Professional Boxing, Part I, pp. 57-58.

Recordkeeping and Suspensions

Gross mismatches are not only dangerous for boxers, they lead to cynicism among boxing fans and the general public. The ultimate goal of every contest authorized by a state boxing authority should be a genuinely competitive match. But state boxing officials testified that they frequently lack the resources to compile or obtain the data necessary to determine whether boxers are evenly matched. Some officials suggested a national registry of boxers as a possible solution to this problem.

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Testimony of Larry Hazzard, Sr., PSI Hearings on Corruption in Professional Boxing, Part I, p. 55.

The current state-by-state variation in boxing regulations also results in inconsistent and inadequate recordkeeping generally and, specifically, problems in enforcing suspensions of boxers. The type and quality of records maintained varies widely among the states. Some states keep detailed, computerized records which are available to the public and other state boxing authorities. Other states keep very limited records to which very few people have access.

Suspension standards vary greatly among the states. But even where suspension standards are consistent, due to limited communication among the various state boxing authorities, boxers suspended in one state can often subsequently be found boxing in another state.

Most states have rules designed to protect the health and safety of boxers who have been knocked out by prohibiting them from boxing again for a period of time. The specific time of the suspension varies greatly from state to state. These suspensions can be "no contact" suspensions which prohibit a boxer from even sparring in a gym, or may be limited only to suspension from fighting a professional bout. Most states also permit suspension of a boxer permanently because of "diminished capacity" or other similar language, when the boxers skills have waned to a point where he is no longer able to defend himself sufficiently to compete without serious risk of injury.

One example cited by New York Athletic Commission chairman Gordon in his hearing testimony on August 11, 1992, involved a 1982 boxing match between Billy Collins and Raheem Tayib, held on board the U.S.S. Yorktown, which was anchored in the harbor of Charleston, South Carolina. The fight was televised by ESPN and Gordon was then the boxing analyst broadcasting the fight. Gordon recognized "Tayib" as a boxer named Eddie Flanning who Gordon had just seen six nights earlier get knocked out in a fight in New York. As a result of that knockout, Flanning was automatically suspended for 45 days under New Yorks rules. Less than one week later, Flanning was fighting in South Carolina under a different name. Gordon advised the local boxing commission and the promoter (Top Rank) of this fact but the match nevertheless went on as scheduled. Tayib/Flanning was knocked out by Collins. Incredibly, Tayib/Flanning fought a third time several days later.

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PSI Hearings on Corruption in Professional Boxing, Part 1, p. 62.

Another example provided by Gordon was that of Ricky Stackhouse, a middleweight boxer who started his career in 1984. By 1989, Stackhouses boxing skills had deteriorated to the point where the New York Athletic Commissions doctors determined he should not be allowed to box again in New York and Stackhouse was suspended for life. Stackhouse subsequently fought in Florida and was knocked out with one punch in the first round. Following that fight, the Florida Boxing Commission also suspended Stackhouse for life. Yet, even after having been suspended for life in two states, Stackhouse was able to fight in Michigan on May 26, 1992. He fought not just any opponent, but the IBF world middleweight champion, James Toney. It was not surprising that Stackhouse took a dreadful beating before being knocked out in the third round. But that is not the end of the Ricky Stackhouse story. Seated next to Gordon at the Subcommittees August 11, 1992, hearing was Larry Hazzard, Sr., chairman of the New Jersey Athletic Control Board, who heard Gordon discuss Stackhouses tale. Despite that fact, the New Jersey Athletic Control Board authorized Stackhouse to fight in New Jersey exactly one month later, on September 11, 1992, against Charles Brewer, who beat Stackhouse by a technical knockout in the third round.

Drug and Steroid Use in Boxing

Another health and safety issue which the current system of state regulation does not effectively address is testing for drugs. Drug testing requirements vary widely among the states, and no state tests for steroids.

Medical experts are in agreement concerning the dangers which drugs and steroids pose to boxers. Marijuana, for example, can affect a boxers hand-eye coordination for five to seven days after smoking it and therefore could lead to increased risk of injury to the boxer. Cocaine, a stimulant, can be particularly dangerous in an aerobic sport like boxing because it can increase the heart rate, causing the boxer to feel stronger and more "hyped-up," although he actually will lose stamina earlier, and he will also face an increased risk of excessive bleeding.

The conventional wisdom among many in boxing has been that anabolic steroids would not enhance, and could, in fact, hinder the performance of a boxer. This view is grounded in the belief that anabolic steroids make a boxer bigger but slower, and could cause him to become "muscle-bound." But medical evidence suggests that in fact steroids make muscles stronger and quicker, which would be to a boxers advantage. In addition, steroids may enable athletes to train more intensely for longer periods of time. This would be an obvious advantage for a boxer training for an upcoming fight.

In addition to the physical characteristics which are enhanced by steroid use, these substances also create certain psychological effects. According to medical experts, steroids create a "macho high" which is a very aggressive feeling sometimes called "anabolic madness" or "roid rage," which may be considered advantageous to a boxer.

As a result, contrary to conventional boxing wisdom, boxers may be using steroids, deluding themselves into thinking that will improve their performance in the ring and ignoring the extremely dangerous results of steroid use. There are, of course, numerous well documented harmful side effects of steroid use. These include liver function abnormalities, benign and malignant liver tumors, testicular atrophy, behavioral changes and psychiatric disorders. Under these circumstances, it is strange that no state tests boxers for steroid use although use has been alleged from time to time in boxing.

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Medical Aspects of Boxing, Barry D. Jordan, M.D., editor, CRC Press, Boca Raton, FL, 1993, p. 127.

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See, e.g., "For Holyfield A Weighty Issue" by William Gildea, The Washington Post, November 10, 1992, page D1.

States also vary widely in the pre-fight medical exams required of boxers. New York is the most thorough, requiring an electroencephalogram (EEG), an electrocardiogram (EKG), a computerized axial tomography (CT) scan and a dilated eye exam by an ophthalmologist. Clearly, it is expensive to run such a battery of tests on all boxers. However, there are other areas where ineffective state regulation is not a matter of a lack of finances. For example, while Nevada is a state which is generally regarded as having strict medical requirements, (e.g., Nevada was the first state to conduct mandatory AIDS testing of boxers), a ring physician in Nevada is not authorized to stop a fight; that decision, in Nevada, rests with the referee. Other states invest their ring physicians with such authority.

Failure to Limit Unfair Business Practices Harmful to Boxers Sanctioning Bodies

Among the many factors which prevent the current system of state regulation from effectively governing professional boxing in the U.S., none is more important than the existence of powerful international sanctioning bodies the so-called "alphabet soup" organizations. The power of these groups stems from their control of the most sought after prizes in boxing world titles. The three most powerful sanctioning bodies are the World Boxing Council (WBC which is based in Mexico and headed by Jose Sulaiman), the World Boxing Association (WBA which is based in Venezuela and headed by Gilberto Mendoza) and the International Boxing Federation (IBF which is based in New Jersey and headed by Bob Lee). The WBC and WBA are organized as non-profit business leagues (according to Internal Revenue Service regulations) within the U.S., while the IBF is a domestic for-profit corporation.

The proliferation of sanctioning bodies began in the 1960s. Previously, the New York-based National Boxing Association was the lone sanctioning body which determined rankings and title-holders in what then were only eight weight groups. Currently, each of the major sanctioning bodies has 17 weight groups, resulting in 51 different world championship titles. This total does not include titles bestowed by several less well known sanctioning bodies, nor does it include national or regional titles. While the proliferation of world titles has arguably led to greater opportunities for public recognition for more boxers, it has also been widely criticized as leading to widespread confusion and dilution of the value of championships in professional boxing.

Sanctioning bodies which authorize or "sanction" world championship contests also rank boxers who are eligible for such contests, establish rules for championship contests, and claim authority to designate contest officials. They are self-appointed entities. While theoretically subject to control by state regulatory agencies, as explained earlier, sanctioning bodies are frequently able to impose their own requirements for boxing events. In exchange for sanctioning a match, the sanctioning body collects a sanction fee from each of the boxers. Each sanctioning body has its own rules as to how this fee is determined, but typically it is a percentage of each boxers purse.

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Each sanctioning body also collects a sanction fee from the promoter for each fight, as well as dues from its members; however, the boxers sanction fees comprise the majority of these groups revenue.

In the case of major world title fights, sanctioning fees can amount to large sums of money. For example, former heavyweight champion, Evander Holyfield, testified that for his title fight against Larry Holmes on June 19, 1992, he paid the WBC a sanction fee of $290,000, nearly twice the $150,000 sanction fee he paid to both the WBA and the IBF for that fight. Because Holyfield was the "unified" heavyweight champion, i.e., he held the titles of each of the three major sanctioning organizations, he was required to pay a sanction fee to each organization because each of their respective heavyweight titles was on the line in that fight. From Holyfield alone in that fight, the sanctioning bodies collected $590,000. When asked what the sanctioning bodies do in return for these sanctioning fees (other than rank boxers), Holyfield testified, "I cant recall them doing anything but showing up and having judges to judge the fight". Holyfield also noted that the boxer, if he wins a title, even has to pay for his own championship belt.

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PSI Hearings on Corruption in Professional Boxing, Part 1, pp. 125-126. Jose Sulaiman, during the Subcommittees hearing on August 12, 1992, asserted that the WBC recently changed the way it calculates its sanction fee. Previously, the WBC collected a flat 3 percent of both the champions and challengers purse. However, Sulaiman said that has been changed so that the WBC gets 3 percent of the first $3 million of a boxers purse, 2 percent from $3 million-$10 million, and 1 percent over $10 million. Sulaiman also acknowledged that the WBC does negotiate agreements with promoters establishing a "ceiling" on the amount of the sanction fee for a particular match, although there is no provision in the WBCs rules regarding ceilings on sanction fees.

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PSI Hearings on Corruption in Professional Boxing, Part 1, Deposition of Evander Holyfield, dated July 22, 1993, Exhibit 55, p.39.

As the purse amounts for major world title fights continue to increase, so do the fees collected by the sanctioning bodies. According to the WBCs recent tax records, the groups income over the last three years averaged between $1-2 million annually with most of this revenue coming from sanction fees paid by boxers.

Control of Rules and Officials

The sanctioning bodies attempt to influence and control as many aspects of the title fights they sanction as possible. Frequently they are successful despite the fact that state boxing regulators are charged by state law with the responsibility of regulating boxing. Generally, the sanctioning bodies enforce their own rules and regulations and assign most of the fight officials.

The selection of officials is obviously an important element of any boxing match. Except in the case of a clear knock-out, scoring in boxing can be quite subjective. It is essential that judges be impartial and well-trained in order to ensure fairness. However, rather than using local officials who are accountable to local boxing regulators for their performance, sanctioning bodies demand the right to assign their own officials, often from out-of-state or foreign countries, to judge boxing matches. For example, two judges selected by the IBF for the Toney-Tiberi match held in Atlantic City were not from New Jersey, nor were they licensed as boxing judges in New Jersey. In fact, these judges were not familiar with the rules governing boxing in New Jersey, or how the New Jersey scoring rules differed from IBF scoring rules. It is common practice for state boxing authorities to allow the sanctioning bodies the right to effectively select some of the judges, knowing that if the state regulators object, they run the risk of the fight being moved to another state willing to accommodate the sanctioning bodies. Generally, sanctioning bodies also invoke the use of their own rules, including their scoring rules, rather than those of the host state.

The potential for bias is enhanced if a particular sanctioning body is seen as working closely with a particular promoter. In such a case, a fight official seeking to ensure continued plum assignments might be influenced to favor the boxer affiliated with that promoter. Such allegations have been made regarding promoter Don Kings relationship with Jose Sulaiman, head of the WBC. Rival promoter, Bob Arum, in deposition testimony, claimed that "He (Sulaiman) is clearly partners with King on fighters. This (the WBC) is Kings own organization. There is no difference between Don King and Jose Sulaiman."

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Ibid, p. 57.

The relationship between Don King and the WBC is apparently mutually beneficial. Records provided to the Subcommittee by the WBC show that in 1991, Don King Productions, Inc. paid $535,000 in sanction fees to the WBC. This amounts to nearly one-half of the WBCs total reported revenues in that year. In his hearing testimony, Sulaiman denied Arums charges, stating that he (Sulaiman) is no closer with King than with any other promoter. Sulaiman denied receiving anything of value from King or from anyone associated with King, other than trips to WBC title fights promoted by King.

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PSI Hearings on Corruption in Professional Boxing, Part I. Exhibits 59 and 69.

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Subsequent to the Subcommittees hearings, concerns regarding Kings close ties with Sulaiman were prominently featured in press reports of the controversy surrounding the September 10, 1993 WBC welterweight title fight between Pernell Whitaker and Julio Cesar Chavez in San Antonio, Texas. King is Chavez promoter.

According to The Washington Post, "Whitakers co-manager, Lou Duva, charged that the Mexico City-based WBC and its Mexican president, Jose Sulaiman, had selected judges for the fight who would protect Chavez, Mexicos No. 1 sports hero. Sulaiman is an acknowledged friend of Chavez and of Chavezs promoter, Don King. Sulaiman said he recommended certain judges, including (Mickey) Vann (a British judge who, along with Franz Marti, a Swiss judge, were the two judges who awarded a questionable draw to Chavez), to Texas boxing officials but exerted no influence over their scoring. Ive done nothing wrong, Sulaiman said last week. He added, however, that he thought Whitaker won the fight." ("Boxing Referees: Have Connections, Will Travel," by Bill Brubaker, The Washington Post, October 3, 1993, page D1.)

The Whitaker-Chavez fight was the cover story that week in Sports Illustrated (SI) magazine under the cover headline "Robbed!". Sports Illustrated reported, "A check of veteran fight observers revealed that most of them had it eight rounds to four for Whitaker SI had Whitaker nine rounds to three. Yet Chavez nearly got his wish. Everyone knew, going in, that Whitaker was in hostile territory, and all that remained to speculate about was how bald-faced the larceny would be if Chavez were to take a licking. It went as far as it could go without someone actually calling the police. Marti and Vann are fixtures at fights sanctioned by the WBC, an organization synonymous with Don King, Chavezs promoter and the man who put on the San Antonio show." ("Beaten to the Draw," by William Nack, Sports Illustrated, September 20, 1993, page 14.)

These independent press reports, if accurate, support the concerns arising as a result of the close ties between King and Sulaiman, which are similar to the problems that occurred in the Toney-Tiberi fight that gave rise to this investigation. These problems include state regulators abdicating control to private sanctioning organizations, out-of-state or out-of-country judges erroneously applying the rules resulting in unfair decisions, and state regulators apparently incapable of effectively investigating wrongdoing.

State boxing regulators increase the risk of being unduly influenced by the sanctioning bodies when state regulators serve as members or officials of sanctioning bodies. For example, Dr. Elias Ghanem, current chairman of the Nevada Athletic Commission, served until recently as a vice president of the WBC. Historically, Nevada Commissioners have regularly held positions with the various sanctioning bodies, according to Dr. Ghanem.

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PSI Hearing on Corruption in Professional Boxing, Part II. Deposition of Elias Ghanem, M.D., dated February 5, 1993. Exhibit 11. Dr. Ghanem indicated that he had recently resigned his WBC position in order to avoid the potential for a future conflict of interest.

Nevada regulators have also routinely assisted sanctioning bodies in collecting their sanctioning fees from boxers by authorizing deductions from boxers purses, despite the fact that there appears to be no specific authority under Nevada statutes or regulations for such deductions. In fact, heavyweight champion Riddick Bowes purse was withheld by the Nevada Athletic Commission for several days after his November 13, 1992 victory over Evander Holyfield because of Bowes failure to pay sanctioning fees to the WBC.

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PSI Hearing on Corruption in Professional Boxing, Part II. Deposition of Elias Ghanem, M.D., dated February 5, 1993. Exhibit 11. "To the best of my knowledge, in paying these fighters in the last ten years, theres always been on the check stub a statement saying so much withheld for the sanctioning body, and thats been the custom." Testimony of Marc Ratner, Chief Inspector of Nevada State Athletic Commission, Ghanem deposition, pp. 99-100. See generally, Ratner testimony, Ghanem deposition, pp. 98-100. See also Nevada Athletic Commission Regulation 467.137, Exhibit 27.

Control of Rankings

Ranking boxers is among the sanctioning bodies most important functions. If a boxer is not ranked by a sanctioning body, the boxer has no chance of competing for that sanctioning bodys title and is effectively denied the opportunity for the substantial earnings that can come with a title bout. Honest rankings are additionally important, according to the testimony of Steve Farhood, editor of Ring Magazine, as a way to prevent dangerous mismatches and to avoid disillusioning boxing fans. Due to its inherently subjective nature, the ranking of boxers has the potential for substantial abuse.

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PSI Hearing on Corruption in Professional Boxing, Part I. Testimony of Steve Farhood, p. 78.

Cooperation between a sanctioning body and a promoter regarding rankings can benefit both parties, i.e., the promoter is able to schedule a fight and the sanctioning body is able to collect its sanction fees from that fight. Farhood, in his testimony, quoted veteran promoter Russell Peltz regarding the current state of the ranking system: "Less is based on talent than at any time in boxing history. Its not whether your fighter has kayoed 20 straight opponents, but how many (sanctioning body) conventions youve been to."

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Ibid, p. 82.

One alleged example of manipulation of rankings involved Donovan "Razor" Ruddock, promoted by Don King, and Riddick Bowe, the former IBF and WBA heavyweight champion. In its February, 1992 rankings, the WBC moved heavyweight Ruddock into the number two challenger position replacing Riddick Bowe, who had previously been ranked number two. This rating flip-flop occurred despite Razor Ruddock having lost both of his fights in 1991, while Bowe won all seven of his fights during that year. Supposedly, WBC rankings are determined by the WBC ranking committee. A former member of the WBC ranking committee advised staff, however, that Jose Sulaiman retains final decision authority over rankings.

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PSI Hearing on Corruption in Professional Boxing, Part I. Testimony of Jose Sulaiman. Jose Sulaiman claimed the only reason Ruddock was ranked lower in the first place was because Ruddock had failed to pay the WBC sanctioning fees from his two previous fights in 1991 (March 18 and June 20, both of which were against Mike Tyson). Sulaiman said when Ruddock paid the overdue sanction fees (with a check in the amount of $150,000, dated December 28, 1991, which was not received by the WBC until January 20, 1992), Ruddock was restored to his rightful place as the number two challenger (behind Tyson, the mandatory challenger) and Bowe was dropped from second to third.

Promoters and Managers

Former WBA cruiserweight champion Bobby Czyz, asserted that "There is more honesty, loyalty and decency among common criminals and street thieves than among promoters and managers in boxing today." Czyz went on to state, however, that ". . . without these managers and promoters, the fighter has no vehicle to succeed and to get the necessary fights to earn a living."

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PSI Hearings on Corruption in Professional Boxing, Part 1. p. 14.

Generally, promoters are responsible for putting the fight card together and assume the financial risk as to whether the event succeeds or fails. Thus, a promoter can be expected to pay the boxers as little as possible in order to maximize the promoters profit. The manager, on the other hand, is responsible for representing the boxers interests and, presumably, will try to get the boxer the best possible deal from the promoter. Thus, a manager and promoter should maintain an arms-length relationship. In most states, the relationship between managers, promoters and boxers are regulated. For example, many states limit to 33.3 percent the managers share of a boxers purse. Also, some states (including California and Pennsylvania) require a contract between a manager and a boxer to be witnessed by a member of the state regulatory authority. However, as with other boxing rules, those governing promoters and managers vary among the states, as does the enforcement of those rules. While some states, such as Nevada, specifically prohibit promoters from having a financial interest in boxers,

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others have no such prohibitions.

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PSI Hearings on Corruption in Professional Boxing, Part II. Nevada Administrative Code 467.870. Exhibit 27.

But the existence of state regulations governing financial relationships in boxing does not mean that such regulations are enforced. A good example involves promoter Don King "negotiating" fight contracts with his stepson and purported manager, Carl King. One result of this relationship was the Tim Witherspoon v. James "Bonecrusher" Smith fight in Madison Square Garden on December 12, 1986, in which Don King was the promoter and Carl King was listed as the manager of record for both boxers in the same fight. This fight took place despite New York regulations prohibiting a single manager from handling both boxers in the same fight. The promoter-manager relationship between Don King and Carl King also apparently enabled Don King to evade other state laws intended to protect the financial earnings of boxers. Joseph Maffia, the former Comptroller of Don King Productions, stated in an affidavit:

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PSI Hearings on Corruption in Professional Boxing, Part I. Exhibits 25 and 26.

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PSI Hearings on Corruption in Professional Boxing, Part II. New York State Athletic Commission rule 209.3. Exhibit 27.

". . . Under Nevada law, the maximum percentage a manager can take from a fighters purse is 33 1/3 percent. Yet in many cases, Don King promoted fights in Nevada in which one or more of the fighters was managed by Dons son, Carl King of Monarch Boxing, Inc. Oftentimes, in those instances, the fighters were required to pay Carl King a fifty percent managerial share, and false declarations were filed with the Nevada State Athletic Commission. Monarch Boxing was financed and controlled by Don King, and the bulk of all money received by Monarch was paid in return to Don King Productions as a "loan repayment."

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PSI Hearings on Corruption in Professional Boxing, Part I. Affidavit of Joseph A. Maffia dated May 6, 1992. Exhibit 35, p. 221.

Don King invoked his fifth amendment rights and refused to answer questions about the Maffia affidavits during a Subcommittee deposition.

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PSI Hearings on Corruption on Professional Boxing, Part I. Deposition of Don King dated July 8, 1992. Exhibit 29, p. 208.

Don and Carl King are not the only example of potential conflicts of interest resulting from family ties in boxing. Promoter Dan Duva is the son of manager Lou Duva, and there are several boxers who have been promoted by Dan Duvas promotional company, Main Events, and simultaneously co-managed by Lou Duva, including current and former world champions Evander Holyfield, Pernell Whitaker and Meldrick Taylor. In his testimony before the Subcommittee, Dan Duva asserted that he avoids any conflict of interest by requiring that his boxers have their own counsel, independent of Main Events and Lou Duva. Whatever the merits of this practice by the Duvas, the fact is that most boxers are not represented by independent counsel in their negotiations with managers and promoters. In fact, boxers have told staff that some promoters will not even negotiate with them if the boxers obtain independent counsel. In some cases, promoters have had boxers sign blank contract forms allowing the promoter to fill in the blanks at his convenience.

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PSI Hearings on Corruption in Professional Boxing, Part I. See Exhibit 27, Blank Form Agreement, Don King Productions, Inc., signed by Don King, Carl King and Tim Witherspoon.

Where states have specific rules that prohibit certain kinds of contracts, some promoters and managers easily evade these prohibitions by filing one contract which meets the states requirements, while entering into another "real" contract which is controlling. For example, Nevada has a rule against multiple option contracts. Multiple option contracts are commonly sought by boxing promoters in order to tie-up a boxer in an exclusive arrangement for multiple future fights. In a typical option contract the promoter of the current champion agrees to give a potential challenger an opportunity for a match only if the challenger agrees that, should he win, the challenger will fight exclusively for the promoter for a certain number of future fights. Thus, the promoter assures that, whatever the outcome of a particular fight, the promoter will retain control over the champion. Nevada Athletic Commissioner, Dr. Jim Nave, testified that, "It is our position in Nevada that option contracts create a form of slavery."

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Elias Ghanem, current chairman of the Nevada Athletic Commission, reiterated this view in his deposition.

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PSI Hearings on Corruption in Professional Boxing, Part II. Nevada State Athletic Commission rule 467.112(3). Exhibit 27.

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PSI Hearings on Corruption in Professional Boxing, Part I. p. 78.

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Deposition of Elias Ghanem, p.70.

Despite Nevadas rule prohibiting option contracts, such agreements are signed for fights that occur in Nevada. For example, on November 29, 1991, James "Buddy" McGirt fought Simon Brown at the Mirage Hotel in Las Vegas for the WBC welterweight championship. An official Nevada boxing contract for this fight was signed by McGirt, his manager Al Certo and his promoter (Madison Square Garden Boxing ("MSG Boxing"), represented by Bob Goodman) on November 22, 1991, and filed with the Nevada Athletic Commission as required by Nevada law (the Nevada contract). The Nevada contract called for MSG Boxing to pay McGirt $625,000 to fight Simon Brown, and makes no reference to any future options. However, on November 26, 1991, Goodman (representing MSG Boxing), McGirt and Certo signed a document titled "Bout Agreement With Options" (the New York contract), which also called for McGirt to fight Simon Brown on November 29, 1991, at the Mirage Hotel in Las Vegas. The New York contract called for MSG Boxing to pay McGirt $700,000 for this fight and, according to paragraph 12, McGirt "irrevocably" granted MSG Boxing "the Option to secure, arrange and promote (McGirts) next five (5) professional boxing contests . . . ."

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Based on the option provision in paragraph 12, Nevada Commission Chairman Ghanem acknowledged that the New York contract was inconsistent with the rules of the State of Nevada.

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PSI Hearings on Corruption in Professional Boxing, Part II. Nevada State Athletic Commission rule 467.117, Exhibit 27 and Deposition of Elias Ghanem, Exhibit 11, Deposition Exhibit 3.

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PSI Hearings on Corruption in Professional Boxing, Part II, Deposition of Elias Ghanem, Exhibit 11, Deposition Exhibit 4. This document is called "the New York contract" because paragraph 16 calls for the Agreement to be governed by New York law.

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PSI Hearings on Corruption in Professional Boxing, Part II. Deposition of Elias Ghanem, Exhibit 11, p. 88. Neither Ghanem nor Chief Inspector Ratner had seen the New York contract prior to this deposition. See Deposition of Elias Ghanem, pp. 86-87.

Nevada also requires prior written permission from a member of the Athletic Commission in order for a promoter to provide a boxer with training expenses in advance of a fight. For the McGirt-Brown fight, paragraph 4 of the New York contract breaks down the $700,000 which the promoter (MSG Boxing) was to pay McGirt into "$625,000 plus $75,000 for training expenses." MSG Boxing paid Alfred Certissimo, Inc. (McGirts managers company) $75,000 in training expenses in two installments prior to the fight without notifying the Nevada Commission. In this case, the training expenses were above the amount of the Nevada contract further indication of the fact that the Nevada contract was filed merely as a formality to comply with Nevada law, but that it was the New York contract that actually governed the financial relationships between the boxers, managers and promoters.

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PSI Hearing on Corruption in Professional Boxing, Part II. Nevada Revised Statutes 467.130. Exhibit 27.

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PSI Hearings on Corruption in Professional Boxing, Part II. Deposition of Elias Ghanem, Exhibit 11, Deposition Exhibit 4, paragraph 4.

Nevada rules allow a boxer to assign his share of the purse by filing a written request with the commission at least five days prior to the fight. Nevada State Athletic Commission rule 467.137(5). McGirt filed such a request three days prior to the Brown fight, asking the Nevada Commission to allow McGirts purse checks to be made payable to Alfred Certissimo, Inc. This request was approved by Commission Executive Director, Chuck Minker. See Ghanem Deposition, Exhibit 1.

Boxing regulations in Nevada and other states are designed to ensure that the boxer gets all of the money to which he is entitled by requiring that the purse be paid by the promoter directly to a commission representative, who then transfers the purse check to the boxer and has the boxer sign for his purse. However, the Nevada commission keeps no actual record of exactly how much money the boxer receives. The commissions records show only the total amount of the purse from the contract filed with the Nevada commission less any Nevada commission license fees due from the boxer. The amount of money a boxer actually receives from a fight often is significantly less than the contract amount, with money deducted for advances, training expenses, sanction fees and other expenses. The Nevada commission keeps no record of deductions or of the actual amount the boxer is paid. The commission relies solely on the promoters list of deductions from the boxers purse, and in most cases, the commission does not retain a record of those deductions.

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PSI Hearings on Corruption in Professional Boxing, Part II, Nevada State Athletic Commission rule 467.142(3). Exhibit 27.

In summary, the inadequacy of the current state based boxing regulatory structure and its inability to protect a boxers health and safety or to ensure fairness is due as much to ineffective enforcement of existing laws and regulations, as it is to the lack of such laws and regulations.

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See, for example, a report in the Las Vegas Sun regarding Criticism by the Nevada Attorney Generals Office of the Nevada Athletic Commission for routinely waiving its own laws, failing to do required background checks, and the erratic handling of misconduct by licenses and employees. "AGs Memo Questions Integrity of Nevadas Boxing Regulators," John Ralston, The Las Vegas Review-Journal, March 14, 1993, p. 3c.

Failure of State Regulators to Exclude Organized Crime Influence From Boxing

The continued involvement of some elements of organized crime in boxing is another example of the failure of boxings state based regulatory structure. State regulators have the authority to exclude organized crime from the boxing industry but have not been able to do so. Former Gambino crime family underboss Salvatore Gravano had this to say about state regulators, "I dont think we (organized crime) know that they (state regulators) exist . . . they arent that effective, because they dont bother us, and they dont hinder us in any of our movements . . . ."

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PSI Hearings on Corruption in Professional Boxing, Part II. Testimony of Salvatore Gravano at p. 87.

Background Kefauver Hearings

As previously stated, between 1960 and 1961, the Senate Subcommittee on Antitrust and Monopoly, chaired by Senator Estes Kefauver (D-Tenn.), conducted an extensive investigation of the boxing industry. Those hearings exposed widespread organized crime involvement in boxing. At the conclusion of the hearings, Senator Kefauver stated that those hearings, "showed beyond any doubt that professional boxing has had too many connections with the underworld."

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U.S. Congress. Senate. Committee on the Judiciary. Subcommittee on Antitrust and Monopoly. Professional Boxing Hearings, 86th Congress 2d Session. Washington, D.C., June 14 and 15, and December 5, 6, 7, 8, 9, 12, 13 and 14 (1960), 87th Congress 1st Session, Washington, D.C., May 31, June 1 and 2, 1961.

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Kefauver, Estes. National Boxing Commission, Remarks in the Senate. Congressional Record, v. 109. March 25, 1963. p. 4786.

The Kefauver hearings were brought about by a series of criminal investigations, indictments and convictions exposing monopolistic practices and organized crime involvement in the boxing industry during the late 1950s. The hearings uncovered a conspiracy between organized crime elements and licensed promoters, matchmakers and managers to control major boxing contests in the United States. The Subcommittee heard volumes of testimony about how organized crime figures, such as Paul John "Frank" Carbo, substantially controlled the sport of boxing.

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Subcommittee On Antitrust And Monopoly, 86th Congress, 2nd Session, Washington, D.C. June 14, 1960, Statement of Senator Estes Kefauver (D-Tenn), at p. 1.

James D. Norris of the International Boxing Club (IBC) testified that Carbo acted as a "convincer" in lining up four former boxing champions, Jacob "Jake" LaMotta, Carmen Basilio, Willie Pep and Tony DeMarco for IBC bouts. Boxer Ike Williams testified that he was boycotted by the International Managers Guild and unable to obtain fights until he hired mobster and Carbo associate, Frank "Blinky" Palermo to become his manager. Jake LaMotta testified that he accepted a large bribe to lose two bouts in order to obtain a promise of a middleweight championship bout. The Subcommittee also heard testimony indicating that former heavyweight champion Sonny Liston was secretly managed by Carbo, Palermo and St. Louis racketeer John Vitale.

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Subcommittee on Antitrust and Monopoly, 86th Congress, 2nd Session, Washington, D.C. December 9, 1960, at pp. 549, 589.

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Subcommittee on Antitrust and Monopoly, 86th Congress, 2nd Session, Washington, D.C., June 14, 1960, at p. 6.

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Ibid, p. 1251.

Carbo, Palermo, Vitale, as well as others, invoked their constitutional privilege against self-incrimination with regard to all questions relating to their boxing activities.

In describing his legislation to create a federal boxing commission, Senator Kefauver stated that the primary purpose of the legislation was to "drive the racketeers out of boxing . . . ."

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The Kefauver legislation sought to do this by establishing a nationwide licensing system supported with criminal sanctions and investigative powers. The licensing entity envisioned by the Kefauver legislation was given wide latitude to determine who should and should not be licensed to participate in boxing. The legislation additionally contained a provision making it a crime to operate "behind the scenes" as a "manager-in-fact" in boxing without a license.

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Subcommittee on Antitrust and Monopoly, 87th Congress, 1st Session, Washington, D.C., May 31, 1961, at p. 1252.

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Ibid.

Current Organized Crime Involvement in Professional Boxing

While organized crime elements do not currently exercise the pervasive control of professional boxing uncovered by the Kefauver hearings, members and associates of organized crime groups do remain heavily involved in boxing. There is evidence that the greatly increased amount of purse money now available to top professional boxers makes the sport more attractive to organized crime. On the other hand, current state regulatory efforts to limit organized crime infiltration of professional boxing have continued to be little more effectual than they were 30 years ago.

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The identification of any person in this investigation and report as being connected with organized crime has been established pursuant to past PSI practice of requiring corroboration from at least two separate law enforcement agencies. See Exhibit 2 (Sealed), PSI Hearings on Corruption in Professional Boxing, Part II.

Crown Royal Investigation

In July of 1980, the Federal Bureau of Investigations New York Division initiated a multi-faceted probe, known as "Crown Royal," into corruption in professional boxing. Although the Crown Royal investigation was ended without indictments, it revealed substantial evidence of corruption and organized crime involvement in the boxing industry.

The supervising case agent of Crown Royal, Joseph Spinelli, testified at the Subcommittees August 12, 1992 hearing that Crown Royal included two undercover FBI agents and a cooperating witness (who also testified at the Subcommittees August 12, 1992 hearing under the pseudonym "Bobby," and from behind a screen to protect his identity) who established their own boxing company and put out the word that they were interested in promoting professional fights. The agents and cooperating witness posed as former drug dealers seeking to arrange a boxing co-promotion with Don King, a leading boxing promoter. The purported purpose of the co-promotion was to launder large amounts of drug money.

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Spinelli retired from the FBI in July of 1985 and then served as the Inspector General for the State of New York.

Spinelli testified that early in the investigation, members of organized crime represented to the FBI undercover team that organized crime groups had access to various boxing promoters and could assist in arranging a co-promotion. In fact, the undercover agents and cooperating witness met with reputed members of three different organized crime families, (the Genovese, the Colombo, and DeCavalcante families) all representing that they had influence in professional boxing. Former Colombo family "caporegime" ("captain") Michael Franzese, was unwittingly caught up in the Crown Royal probe. The cooperating witness, "Bobby," testified that four organized crime families (the Colombo, Genovese, DeCavalcante, and Cleveland families) were involved in arranging a meeting between the FBI undercover team and promoter Don King.

King agreed to do the co-promotion with the undercover team. However, before the co-promotion could be set up, the FBI ended the Crown Royal investigation, due in part to potential liability risks involved in promoting a boxing match. No federal indictments were sought.

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PSI Hearings on Corruption in Professional Boxing, Part I. King invoked his Fifth Amendment privilege against self-incrimination in response to all questions propounded to King at a Subcommittee deposition. Exhibit 29.

Testimony at the Subcommittees August 12, 1993 hearing further revealed that Crown Royal was not Don Kings only contact with organized crime. Michael Franzese testified that he attended a meeting around 1976 where Paul Castellano, then boss of the Gambino organized crime family, and Thomas DiBella, then boss of the Colombo organized crime family, met with King. Franzese testified that Castellano and DiBella berated King because the outcome of a fight was different than the result King had promised, resulting in organized crime members having lost money betting on the fight. Former Gambino crime family underboss Salvatore Gravano testified at the Subcommittees April 1, 1993 hearing that the Gambino crime family had contemplated "doing something" with King and had, in fact, made contact with King. According to Gravano, King declined to meet at the time due to legal problems he was having. Gravano further testified that the Cleveland crime family had access to, and some control over, King. Don King grew up in Cleveland and was convicted of manslaughter there in 1966.

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PSI Hearings on Corruption in Professional Boxing, Part II. Testimony of Salvatore Gravano, p. 80.

New Jersey

In February of 1983, New Jersey Attorney General Irwin I. Kimmelman ordered the New Jersey State Commission of Investigation (NJSCI or "the Commission") to conduct an in-depth inquiry into professional boxing in New Jersey. In addition to finding serious problems with New Jerseys boxing regulatory structure,

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the Commission found extensive organized crime involvement in New Jersey boxing.

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Interim Report and Recommendations of the State of New Jersey Commission of Investigation on the Inadequate Regulation of Boxing (March 1, 1984).

The report concluded that the Commissions inquiry, "provides ample confirmation of underworld intrusion," into the New Jersey boxing industry. The report also concluded that law enforcement monitoring of organized crimes presence in boxing was sporadic at best. The report found the lack of law enforcement monitoring especially surprising in light of increased organized crime interest in the sport since its rebirth in New Jersey as a casino industry promotional tool. The Commissions final report found that members and associates of organized crime were involved at all levels of New Jersey boxing.

The New Jersey report relates several case studies of organized crime members and associates and their participation in the New Jersey boxing industry. Of those addressed in the case studies, several remain active in boxing today. One such individual is Genovese and Gambino associate Alfred Certissimo, also known as Al Certo. At the time of the 1985 report, Certo was a small-time promoter and booking agent in the northern New Jersey area. Today, Certo is the manager of record of former World Boxing Council welterweight champion James "Buddy" McGirt. (For in depth discussion of Certo and his relationship to McGirt, see section on James "Buddy" McGirt below.)

Currently Active Boxers With Significant Ties to Organized Crime

The Subcommittee has identified three currently active world class boxers with significant ties to organized crime figures. The three boxers are former World Boxing Council welterweight champion James "Buddy" McGirt, former International Boxing Federation super-middleweight champion Iran Barkley and former World Boxing Association cruiserweight champion Bobby Czyz. Each of these boxers has denied that they are knowingly controlled or influenced by organized crime figures. Whether these boxers are unwitting dupes or willing participants with organized crime is unclear. The evidence of their connections to these organized crime figures is, however, overwhelming.

The three boxers discussed in this report are not the only boxers with current organized crime ties. In fact, the Subcommittee is aware of allegations involving several other boxers who are not mentioned in this report. The three boxers discussed do, however, illustrate three forms of organized crime involvement in boxing and represent three case studies of how the current regulatory structure has failed to keep organized crime out of boxing.

James "Buddy" McGirt

Former Gambino crime family underboss Salvatore "Sammy the Bull" Gravano testified at the Subcommittees April 1, 1993, hearing that Gambino soldier Joseph "Jo Jo" Corozzo "owned a piece" of former WBC welterweight champion Buddy McGirt. Gravano further testified that Al Certo, McGirts manager of record, was an associate of the Gambino family. Gravano was aware of Corozzos relationship with McGirt because Corozzo had "put it on the record"

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with Peter Gotti, who is Corozzos caporegime. Gravano testified that he was then told about the relationship when Peter Gotti reported it to him.

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PSI Hearings on Corruption of Professional Boxing, Part II. Testimony of Salvatore Gravano, p. 82.

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To "put it on the record" with an organized crime family means to provide the familys leadership with specific information regarding the activities of that familys members and associates, such as specific business ventures with which they are involved and the names of individuals associated with that family.

Gravano testified that he was also aware of a disagreement between the Bufalino family and the Gambino family over who owned McGirt. Eddie Sciandra, the "consigliere" ("adviser") of the Bufalino family had, according to Gravano, complained to Gambino boss John Gotti that the Bufalinos owned McGirt. Gravano was then told by Gotti to arrange a "sit down" to settle the dispute. Gotti decided the dispute in favor of Corozzo and the Gambino family because Corozzo had allegedly paid Sciandra for his interest in McGirt.

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PSI Hearings on Corruption in Professional Boxing, Part II. Deposition of Joseph Corozzo, Sr., dated December 14, 1992, Exhibit 14. Corozzo repeatedly exercised his Fifth Amendment right when subpoenaed to testify before Subcommittee staff.

McGirt denied under oath on two occasions that anyone owned any part of his contract and said that the only individuals with any right to a percentage of his earnings, to his knowledge, are his managers Alfred Certissimo, also known as Al Certo, and Stuart Weiner. Certo also denied that anyone, to his knowledge, owned any part of McGirts contract other than he and Weiner. Al Certo and Stuart Weiner themselves, however, have extensive organized crime connections.

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PSI Hearings on Corruption in Professional Boxing, Part II. Deposition of James W. "Buddy" McGirt, December 1, 1992. Exhibit 13, pp. 74-75.

The 1985 New Jersey State Commission on Investigation report on boxing concluded that Al Certo had extensive ties to organized crime figures. Al Certo continues to be characterized by law enforcement entities as a Genovese family associate with connections to other families including the Gambino family. In a deposition before Subcommittee staff, Certo acknowledged familiarity with a large number of known organized crime members but denied that these individuals, including alleged Gambino soldier Corozzo, had dealings with himself or McGirt. Certo also denied that McGirt had any connection with Corozzo.

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PSI Hearings on Corruption in Professional Boxing, Part I, Exhibit 5. Organized Crime in Boxing, Final Boxing Report of the State of New Jersey Commission of Investigation (1985), p. 17.

Although only Certo is currently licensed by any state boxing regulators as McGirts manager, he and Stuart Weiner each receive half of the managers share of all of McGirts earnings. In addition, Certo and Weiner have effective control of McGirts boxing earnings through their joint authority to write checks on Alfred Certissimo, Inc.s (ACI) checking account. (ACI is a company controlled by Certo and Weiner, the sole purpose of which is to receive and disburse all of McGirts boxing earnings.)

It is impossible to determine with certainty the actual recipient of a large percentage of payments made by ACI due to the unusual accounting and payment practices followed by Certo and Weiner. The fact that all of McGirts earnings go directly to a corporation, ACI, which is controlled by Certo and Weiner, is questionable itself. It circumvents the intent of most state boxing regulations requiring that the boxer be paid directly by the promoter in the presence of a state boxing regulator to insure that the boxer actually receives his full purse.

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PSI Hearings on Corruption in Professional Boxing, Part II, Exhibit 27. See, e.g., Nevada State Athletic Commission rule 467.142(3), and New York State Athletic Commission Rule 208.19.

One reason that Weiner has avoided applying for any state licensing may be an indictment filed by the District Attorney for New York County on November 18, 1992, in which Weiner was named as a member of the Joseph Corozzo crew of the Gambino organized crime family. The indictment alleges that the Corozzo crew is engaged in illegal gambling, loan sharking and fencing of stolen goods, among other illegal activities. McGirt testified that he was aware that Weiner and Corozzo were friends and that he (McGirt) had been introduced to Corozzo by Weiner. However, McGirt denied any knowledge of organized crime activities or involvement on the part of Corozzo or Weiner. McGirt did testify that Weiner had asked him to attend the trial of Gambino boss John Gotti. McGirt did, in fact, attend the Gotti trial, and Gotti greeted him at one point when Gotti was leaving the courtroom. As previously stated, at the Subcommittees April 1, 1993 hearing, Weiner repeatedly invoked the Fifth Amendment to questions from members of the Subcommittee staff.

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State of New York v. Joseph Corozzo et al., Indictment No. 11458-92 (New York Supreme Court), November 18, 1992. As of the date this report is written, this case has not yet gone to trial.

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Deposition of James "Buddy" McGirt, p. 66.

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Ibid, p.58.

Iran Barkley

Former International Boxing Federation (IBF) super-middleweight champion, Iran Barkley, testified at deposition that he does not have a manager but does have "advisors." Barkley testified that one of his advisors is Lenny Minuto, an alleged Luchese family associate. The role played by Minuto in Barkleys career as well as his compensation is not well defined.

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Regarding the alleged organized crime connections of Mr. Minuto, in addition to being established pursuant to past PSI practice of requiring corroboration from at least two separate law enforcement agencies (see Exhibit 2 (Sealed), PSI Hearings on Corruption in Professional Boxing, Part II), the Subcommittee also received an affirmation from Alfonse DArco, the former underboss of the Luchese family, confirming Mr. Minutos connections with the Luchese family. Exhibit 31, Ibid, page 255.

See also, Ibid, Deposition of Stanley Leonard Hoffman, dated January 14, 1993, Exhibit 16. According to the deposition testimony of boxing advisor Stan Hoffman, Lenny Minuto was also involved with the career of now-retired professional boxer Dennis Milton (Hoffman deposition at p.37); Subcommittee staff has found no record of Minuto being licensed as a manager of Milton. Staff did find that Minutos son, Lenny Minuto, Jr., was licensed in New Jersey as Dennis Miltons manager. Lenny Minuto also has a cousin named Marco Minuto who has managed several professional boxers and was licensed in New York until 1991.

When asked at his deposition about Minutos role and compensation, Barkley was vague. For example, at one point Barkley claimed that Minuto was not paid to be his advisor, while at another point Barkley stated that Minuto would be paid $100,000 in connection with Barkleys February, 1992 title defense against James Toney. Barkley later testified that since he owed Minuto $195,000 for past debts, Minuto actually received a total of $295,000 from his Toney purse. Stan Hoffman, who has served as an advisor to both Minuto and Barkley, testified however, that he was under the impression that Minuto received 20 percent of Barkleys purses. Boxing promoter Bob Arum told staff that he had to pay Minuto $125,000 from the promoters share, in order to get Barkley to agree to fight James Toney. Barkley claimed that Minutos role as an advisor ranged from acting as an investment advisor to negotiating boxing contracts for Barkley.

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PSI Hearings on Corruption in Professional Boxing, Part II. Deposition of Iran Barkley, dated December 16, 1992. Exhibit 17, p. 44.

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PSI Hearings on Corruption in Professional Boxing, Part II. Deposition of Iran Barkley, dated April 30, 1993. Exhibit 15.

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Deposition of Stanley Leonard Hoffman, at p.44.

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Barkley deposition, April 30, 1993, at pp. 28, 41.

Minutos expertise as a boxing adviser is questionable. At his deposition before Subcommittee staff, Stan Hoffman stated, ". . . he (Minuto) really knew nothing about boxing that I could tell . . . ."

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Barkley concurred in his deposition testimony indicating that he did not consider Minuto to be knowledgeable about boxing.

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Deposition of Stanley Leonard Hoffman, p. 39.

Minuto is not licensed as a boxing manager or promoter in any state. The Minuto-Barkley relationship illustrates how organized crime figures are involved in the boxing industry as unlicensed paid "advisors" to boxers. The practice of labeling oneself an advisor rather than a manager or co-manager allows one to avoid state licensing, yet participate in the business of boxing. The role of an advisor is often, however, indistinguishable from that of a manager. So-called advisors often negotiate on behalf of boxers and assure that boxers prepare themselves for fights, all of which qualify one as a manager under most state boxing regulations and therefore should require such a person to be licensed. For example, the New York State Boxing Regulations Part 205.1(g) define a manager as ". . . any person, including an gent, who directly or indirectly, directs or administers the affairs of any boxer . . . ." New Jersey defines a manager as anyone who "directs or controls the activities of a professional boxer" (NJAC 13:46-1.1) or as anyone entitled to 10 percent or more of a boxers earnings (NJAC 13:46-1.1). Most so-called "advisors," including Minuto, would fit at least one of the above definitions of a manager. Nevertheless, they are not licensed, and states do not enforce the licensing requirement.

Bobby Czyz

Bobby Czyz is the former World Boxing Association cruiserweight champion. Czyz testified at the Subcommittees August 11, 1992 hearing that during his early professional boxing career, his father negotiated a 10 year earnings agreement with Andrew Licari and Andrew Dembrowski whereby Czyz received a $300,000 advance against a percentage of his future earnings. According to Czyz, this arrangement gave him the resources to dedicate himself to boxing and gave his investors the right, for 10 years, to 26 percent of Czyz boxing earnings.

Czyz testified that, although the terms of his contract with Licari and Dembrowski had expired, he had voluntarily extended the contract because for several years he had not been actively boxing. Licari testified at a Subcommittee deposition that Czyz had voluntarily extended the agreement on two separate occasions. Licari claimed that Czyz had agreed to do this because he and his partner, Dembrowski, had not gotten their initial investment back and that the agreement is in effect until they get their investment back. When Czyz was asked whether Licari exercised any control over his career, Czyz answered, "(a)bsolutely zero. He (Licari) has been a good friend and nothing more, as well as a business associate in that regard."

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PSI Hearings on Corruption in Professional Boxing, Part II. Deposition of Andrew L. Licari, March 25, 1993. Exhibit 47, pp. 33 & 39.

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Ibid, pp. 38-39.

In his Subcommittee deposition, Licari acknowledged that, in addition to his original investment in Bobby Czyzs contract, he also made allegedly interest-free loans to Czyz. A letter submitted to the Subcommittee by Licaris attorney indicates that Licari and Dembrowski have loaned Czyz a total of $80,000 since 1981 and $50,000 of that amount is still owed. Licari testified at his deposition that it was not customary for him or his business to loan money to individuals.

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Ibid, pp. 53-54.

Czyz denied any knowledge of Licaris or Dembrowskis ties to organized crime. Czyz was aware, however, of the 1985 New Jersey Commission on Investigations Report that asserted that Licari was an associate of the Luchese crime family. Moreover, a sworn statement submitted to the Subcommittee by former acting boss of the Luchese family, Alfonse DArco, states as follows, "I am familiar with Andrew Licari of Northern New Jersey. Licari is a member of the Luchese family and was inducted into the family sometime around 1990. Licari was brought in by a relative of Licaris and Luchese member, Leonard Pizzolatto. Licari is involved in loan sharking and several other businesses."

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At the Subcommittees April 1, 1993 hearing, Licari denied involvement with organized crime and loan sharking, although he did acknowledge knowing many members of the Luchese crime family.

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PSI Hearings on Corruption in Professional Boxing, Part II. Affirmation of Alfonse DArco, In Re The Matter of: Corruption in Professional Boxing. Exhibit 31, p. 255.

Although purchasing the right to a percentage of a boxers future earnings is a common practice, such agreements are rarely, if ever, recorded with boxing regulators. In many cases, these agreements circumvent the licensing requirements of state boxing regulators. These licensing regulations require individuals involved in the business of boxing such as trainers and managers, to be licensed with the state boxing commission. Licensing, in turn, allows a state to control who is involved in the sport and to exclude those who, after being licensed, are a detriment to the sport. A boxing commission has little control or leverage over individuals it does not license. Licensing, however, is only effective if the licensing entity makes at least a minimal inquiry into the background of the individual being licensed. The Subcommittee has found that most state regulators do not make even minimal efforts to enforce licensing requirements under circumstances such as those described above.

Inadequate Regulation

The continued presence of organized crime in the boxing industry is most discouraging because currently the tools exist to combat its influence, as has been done successfully in other industries. First, law enforcement has become extremely capable of identifying and prosecuting organized crime members and associates. Second, at least the major boxing states have the laws and regulations necessary to exclude organized crime members and associates from the boxing industry. These laws and regulations, however, are not being enforced.

The clear intent of state licensing rules and regulations is that those who participate in boxing in any significant way should be licensed by the appropriate regulatory body. Licensing is the basic tool for police in any profession. Licensing is, in addition, the means to exclude those who would be a detriment to a profession or activity. Indeed, one of the primary purposes of the Kefauver legislation, introduced over 30 years ago, was to "drive the racketeers out of boxing . . . ."

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To accomplish this purpose, the licensing entity envisioned by the Kefauver legislation would have been given wide latitude to determine who should and should not be licensed to participate in boxing. The legislation additionally contained a provision making it a crime to operate "behind the scenes" as a "manager-in-fact" in boxing without a license.

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Subcommittee on Antitrust and Monopoly, 87th Congress, 1st Session, Washington, D.C., May 31, 1961, at p. 1252.

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Ibid.

States today generally have wide latitude concerning their ability to deny or revoke a license to participate in boxing. The Nevada State Athletic Commission, for example, has a regulation allowing it to deny or revoke a license if the applicant or licensee: has been convicted of a felony; engages in illegal bookmaking; engages in illegal gambling; or "(i)s a reputed underworld character."

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In New York State, the State Athletic Commission can deny a license to participate in boxing based solely on the character and general fitness of an applicant. New York also has a regulation allowing revocation of a boxing license if a licensee is guilty of an act detrimental to boxing or associates or consorts with persons who have been convicted of a crime or who are "bookmakers, gamblers or persons of similar pursuits . . . ."

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PSI Hearings on Corruption in Professional Boxing, Part II, Exhibit 27. Nevada State Athletic Commission, Rule 467.082.

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PSIs Hearings on Corruption in Professional Boxing, Part II, Exhibit 27. Unconsolidated Laws, Title 25 Sports, Chapter 1 Boxing and Wrestling, 8912(i).

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Ibid., 8917(b).

New Jersey State Athletic Control Board Chairman Larry Hazzard testified that New Jersey, like other states, does not attempt to enforce its licensing laws and regulations. At the Subcommittees August 11, 1992 hearing, Hazzard was questioned about the licensing of Alfred Certissimo. The 1985 New Jersey Commission of Investigation Report on Organized Crime in Boxing stated, "Al Certos admitted close association with organized crime figures dictate that he be barred from licensing and, in fact, from any professional role in the sport."

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PSI Hearings on Corruption in Professional Boxing, Part I, Exhibit 5. Organized Crime in Boxing, Final Boxing Report of the State of New Jersey Commission on Investigation (1985), at p. 17.

Hazzard testified that he was familiar with Certo and with the 1985 Report but had, nevertheless, repeatedly licensed Certo to participate in New Jersey boxing. Hazzard testified that, "we do not feel that, based on a report that was submitted by a state Commission of Investigation (we) should deny Mr. Certo of his right to participate in the sport of boxing." Hazzard testified that he did not have the resources to conduct background checks, although he acknowledged that he could have checked with the Commission of Investigation regarding its specific findings regarding Al Certo. Representatives of the Nevada Athletic Commission similarly testified at deposition that they do not conduct background checks on license applicants due to lack of resources.

Organized crime involvement in the boxing industry thus remains a serious concern. As history has repeatedly shown, whatever organized crime touches it corrupts. History has also shown that once organized crimes corrupting influence takes hold, it is difficult to shake off. According to the testimony of Salvatore Gravano, the boxing industry serves as an ideal vehicle for organized crime to spread its influence to related and connected industries.

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PSI Hearings on Corruption in Professional Boxing, Part II. Testimony of Salvatore Gravano, p. 79.

There is no reason to believe that this situation will change under the current state based regulatory structure. In fact, there is every reason to believe that organized crime involvement in the boxing industry will increase. The business of boxing is ideally suited for organized crime for two primary reasons: boxing involves large sums of money and it is ineffectively regulated.

Conclusions

Health and Safety

Boxers have very limited protection from all manner of issues that directly impact on their health and safety, both in and out of the ring: their health insurance coverage is extremely limited; there is a paucity of pension plans they can turn to when they can no longer box; they are not protected from unscrupulous matchmakers who put them into mismatches with opponents of unequal ability; and state regulatory bodies have widely varying health and safety regulations, which they commonly fail to enforce. The evidence is replete with examples of how boxers are the chattel of the boxing industry.

The current state-by-state variations in boxing regulations preclude any effective centralized recordkeeping system. This results in the widespread failure of states to reciprocally enforce other states medically-imposed suspensions, allowing boxers, who have been determined to be medically at risk, to jeopardize their health and safety by continuing to box.

The state regulatory authorities have no consistent drug testing program and no state tests for steroids, despite the well-established medical evidence regarding the dangers these substances pose, particularly in a sport like boxing.

Unfair Business Practices Harmful to Boxers

The three major sanctioning organizations (the IBF, WBA and WBC) are generally unregulated entities, accountable to no one. Through their control of rankings and title fights, they exercise an inordinate amount of influence over professional boxing. These organizations are paid sanctioning fees by boxers, which especially in major world title fights, can amount to large sums of money and little is known regarding how these organizations use this money and what they do to benefit the sport.

Being ranked by one of these sanctioning bodies in the top ten of a weight group is the threshold requirement for a boxer seeking his ultimate goal a world title fight. Yet, the process by which boxers are ranked appears at times to be totally arbitrary and to defy rational explanation. A boxers ranking appears to have almost as much to do with factors such as who his promoter is and that promoters relationship with the sanctioning body, as it does to the boxers ability in the ring.

Similarly, the sanctioning bodies seek to, and often succeed at, exerting their influence over state regulatory authorities regarding selecting officials and choosing the rules that will govern a boxing match. State authorities often yield to the leverage that sanctioning bodies exert knowing that if they fail to acquiesce, the sanctioning body may move the fight, along with its often substantial revenue, to a more compliant jurisdiction.

The selection of officials for a boxing match is particularly important because of the subjective nature of scoring a professional prize fight. Yet, the process by which officials are chosen is rife with evidence of bias and undue influence resulting from close ties between promoters and sanctioning organizations.

Former WBC cruiserweight champion, Bobby Czyz, observed, "There is more honesty, loyalty and decency among common criminals and street thieves than among promoters and managers in boxing today." While most states have laws and regulations governing financial relationships in boxing among promoters, managers and boxers, enforcement of these regulations varies widely and generally these rules are easily evaded. The end result is that the boxer is the one who winds up suffering because the boxer is generally not operating on equal standing with managers and promoters regarding business dealings. The boxer depends on his manager to represent his interests, often to the boxers detriment. The state regulators generally provide the aggrieved boxer with little relief.

Current Organized Crime Involvement in Boxing

While organized crime does not exercise the same open control over professional boxing that it did thirty years ago, there is strong evidence to suggest that the greatly increased purses of todays major fights, combined with the ineffective regulatory system currently governing the sport, make boxing a continued source of interest for organized crime.

Recommendations

Boxings problems exist in large part because, unlike other sports, boxing has no central authority within the sport itself capable of establishing and enforcing minimum health and safety standards and uniform rules. Ideally, boxing should keep its own house in order through the offices of some type of self-regulatory authority just as other sports have league presidents or commissioners who administer their respective sports according to systems of uniform standards and rules.

Effective self-regulation for professional boxing should remain the ultimate goal of any effort to reform the sport. However, despite numerous Congressional hearings and other calls for the boxing industry to police itself, both the boxing industry and the current regulatory structure have failed in that effort. Most industries, when subjected to federal scrutiny, would attempt to address problems voluntarily in order to obviate the need for any federal involvement. However, one can only conclude, as did Senator Kefauver more than 30 years ago, that the states alone are unable to adequately regulate professional boxing. Moreover, the boxing industry appears similarly incapable of effective self-regulation. The boxing industry and the current regulatory structure have had ample time to address this issue. Given their failure to do so, it is highly unlikely there will be any change in the status quo absent action by some external entity.

In light of the significant problems related in this report, the alternatives appear to be either abolish the sport or provide some mechanism to "jump start" the industry on the road to meaningful self-regulation. Since abolishing boxing would probably be unworkable and would be unfair to the thousands of young men that the sport has benefitted, the latter option appears to be the only reasonable alternative.

Recognizing the ongoing failure of the private boxing industry or state regulators to adopt the uniform standards and rules that are needed, Congress should consider whether a provisional federal entity would be the most appropriate means by which to achieve these objectives. Some have suggested that this would allow limited federal oversight aimed at enabling the industry to effectively police itself, with oversight ending when the sport reaches the ultimate goal of effective self-regulation. Federal oversight of that type would serve as a catalyst; a means to an end, rather than an end in and of itself.

A federal role could be limited so as not to supercede state boxing regulators, who are in the best position to retain day-to-day supervision of boxing events. Rather, a federal entity could play a role in enabling the state regulators and the boxing industry to adopt and enforce the minimum health and safety standards and uniform rules that most agree are so desperately needed.

Many believe that establishing an interim federal-state partnership to oversee the transition to effective self-regulation would finally enable the sport to effectively address the problems that have plagued it for generations. Absent strong reform by the sport itself or increased government oversight, it is likely that the injury and exploitation of boxers will continue and boxings credibility will continue to decline, lending more support to those who would prefer to see the sport banned.

\* \* \* \* \*

The following Senators, who were members of the Permanent Subcommittee on Investigations at the time of the hearings, have approved this report:

Sam Nunn William V. Roth, Jr.

John Glenn

Thad Cochran

James R. Sasser David Pryor

Joseph Lieberman

The following Senator, who is currently a member of the Subcommittee but was not a member at the time of the hearing and did not participate in the hearing on which the report was prepared, has taken no part in the preparation and submission of the report except to authorize its filing as a report made by the Subcommittee:

Robert Bennett

Other Senators, who are Members of the Committee on Governmental Affairs, approving this report are:

Daniel K. Akaka

The Members of the Committee on Governmental Affairs, except those who were members of the Senate Permanent Subcommittee on Investigations at the time of the hearings, did not participate in the hearings on which the above report is based. Accordingly, they have taken no part in the preparation and submission of the report, except to authorize its filing as a report made by the Subcommittee.

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ADDITIONAL VIEWS OF SENATOR McCAIN ON THE PSIs INVESTIGATION INTO PROFESSIONAL BOXING

At its best, professional boxing can be a riveting contest of strength and skill between two highly-trained athletes. For decades, however, the sport has been undermined by certain business practices in the sport. The problems caused by a lack of an effective private association of industry leaders and participants have been exacerbated by the varying efforts of individual states to properly regulate professional boxing. This situation jeopardizes the health and welfare of many boxers, and it should be a focus of the Congress in considering measures to assist in reforming the sport.

The major issue in professional boxing that most urgently requires the attention of public officials is the exploitation of the unheralded boxers who participate in club boxing shows. These journeymen boxers travel from state to state on a steady basis for years, yet they may never earn more than $100 for a bout. These men are generally from disadvantaged backgrounds, and are vulnerable to promoters who seek to profit from a boxers willingness to enter a ring when it is medically risky for them to do so. The long-term health and welfare of many club boxers in the U.S. is routinely being sacrificed by promoters and matchmakers who are focused solely on short-term profits.

This disturbing situation is most evident in the states which have no boxing regulatory entity whatsoever. Promoters have a free hand in these states to put on shows with boxers who are severely overmatched, recently injured, or who are under suspension in another jurisdiction due to medical reasons or violation of state law. Furthermore, these inherently unsafe "bootleg shows" are often conducted without any physicians in attendance, without adequate medical safeguards for the boxers, and with no guarantees that the boxers will even be paid.

At the same time, many states do a good job in properly regulating professional boxing events, and the Association of Boxing Commissions (ABC) has intensified its efforts to improve interstate cooperation regarding the standardization of rules, adequate health and safety precautions, and the sharing of information on bout results and suspensions. The ABC has wisely implemented a new policy of not recognizing the outcomes of boxing shows that have not been approved and supervised by state officials. This means that the boxers involved will receive no credit to their record for winning a bout, so promoters will have less incentive to hold shows without appropriate public oversight. This is the type of positive action that state officials and members of the boxing industry need to build upon to shut down the unsafe and fraudulent events that mar the sport.

The merits of creating a new federal-state partnership to address key issues of public concern in the professional boxing industry are clear. The question for the Congress is how best to facilitate such a partnership without unduly burdening state officials with costly and complex federal mandates and regulations. To answer this question in an effective and practical manner, the Congress should heed the views of the most experienced and dedicated state boxing officials. Not only are they the public officials most knowledgeable about the real problems of the sport, but they will also bear the responsibilities and costs of carrying out any corrective measures enacted at the federal level.

I firmly believe that the states should remain as the primary regulators of professional boxing in the U.S., but there is an important role that the federal government can play to improve health and safety measures in the industry. While establishing a federal boxing authority is one option, an alternative approach would be to enact a limited series of safety-oriented requirements at the federal level that would apply to all professional boxing shows.

The federal government can serve as an effective catalyst for reform in professional boxing without establishing a new federal entity to regulate broad areas of the sport. A new federal entity, and the bureaucracy it may necessitate, may prove burdensome and costly to state officials.

A vital requirement that could be enacted at the federal level would be to ensure that all professional boxing shows are carried out in accordance with certain safety precautions and under the appropriate supervision of state officials. Boxers with fraudulent professional histories or those who have recently been injured in the ring should be prohibited from competing on a nationwide basis. A federal requirement for improved sources of identification for boxers and the prompt dissemination of bout results between state commissions would be substantive reforms, as well.

It is my belief that establishing a limited series of vital health and safety-oriented requirements for professional boxing at the federal level is the most practical course at this time. This step would both strengthen and expand existing protections for boxers, and assist state officials in their efforts to improve public oversight of the industry. This measured approach could achieve significant reforms that will make boxing a safer and more honorable sport without federal assumption of regulatory authority for the industry.